

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6591**

**BILL NUMBER:** SB 580

**DATE PREPARED:** Jan 26, 2001

**BILL AMENDED:**

**SUBJECT:** Timber Forestry Reinvestment.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the Director of the Department of Natural Resources (DNR) to conduct a referendum to determine whether to establish a board (to be known as the Indiana Forestry Reinvestment Board) for the purpose of imposing and collecting an assessment on timber producers for the first purchase of trees and logs and for the purpose of carrying out certain forest reinvestment activities. The bill sets out requirements for the board and any assessment. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** The proposal will increase expenses to the DNR by an estimated \$312,500. Expenses are outlined below:

- 1) Publish and conduct referendum by mail-in ballot to all eligible producers to determine establishment of board:

<u>\$15,000</u>	Develop and verify list of name and addresses of producers (estimated 175,000), obtain mailing labels.
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<u>\$ 5,000</u>	Publish notice of referendum in five newspapers, other advertising.
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<u>\$94,500</u>	Postage to mail letters and ballots to 175,000 producers at \$0.34/letter. Return postage for postcard ballots at \$0.20/postcard.
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- 2) Conduct mailing for nominations to board:

<u>\$94,500</u>	Mailing to all eligible producers to nominate board members (175,000 at
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\$0.34/letter). Return postage for petition form to nominate board members (175,000 at \$0.20/postcard).

3) Conduct vote to elect members of board:

\$5,000 Publish notice of board member election in five newspapers, other advertising, news releases.

\$94,500 Postage to mail letters and ballots to 175,000 producers at \$0.34/letter. Return postage for postcard ballots at \$0.20/postcard.

4) \$4,000 Reimbursement for traveling expenses for two meetings for 15 members (Note: This analysis assumed board members were entitled to legitimate lodging and subsistence expenses associated with board work. It is also assumed that the Department will pay for the initial two board meetings, after which the board will cover their own expenses from the assessment).

The bill allows for the establishment, termination, and reinstatement of the board. If the board was terminated and reinstated, the above expenses would be repeated as often as the board was reinstated.

The bill also requires the Director of DNR to conduct a referendum not less than every ten years to determine if the board and its activities should be continued. A percentage of the above costs would be incurred every ten years.

Additional costs would include expenses of the board conducting business. These expenses would be paid from the budget of the DNR Division of Forestry. Additional staff time would also be required to implement the various provisions of the bill.

**Explanation of State Revenues:** If the referendum results approve of the assessment, the board must impose an assessment of \$0.02 per board foot on all trees or logs grown and sold in Indiana. The rate may be increased but may not exceed \$0.05 per board foot. A producer can obtain a refund of the assessment by submitting an application to the board. The amount of revenue that could be generated by the assessment will be forwarded when it becomes available. The specific impact of the assessment, however, is indeterminable because the number and amount of refunds that will be requested is indeterminable. Revenues are to be used for the purposes of forestry reinvestment.

Penalties are also provided for entities that do not pay the assessment. Penalties would be deposited in the State General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Natural Resources.

**Local Agencies Affected:**

**Information Sources:** Mickey James, Assistant Director, Executive Office, DNR, (317) 232-4020.